

Message Text

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PAGE 01 TOKYO 12219 200600Z

12

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 COME-00 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 AGR-20 NSC-07 SS-20

STR-08 CEA-02 PA-04 PRS-01 USIA-15 DRC-01 FEA-02 /171 W

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R 200534Z SEP 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 4695

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PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: FINAL COMMENTS ON ECONOMIC FORECASTS FOR JAPAN 1974-75

REF: A. TOKYO 11386; B. TOKYO A-585

1. SUMMARY: AFTER CAREFUL REVIEW OF FORECASTS PREVIOUSLY
SUBMITTED (SEE REFTEL AND REFAIR), FINATT HAS NOT
ALTERED HIS PROJECTIONS FOR REASONS GIVEN BELOW.
END SUMMARY.

2. THERE IS NO REASON TO CHANGE PREVIOUS BELIEF THAT "SLOW
GROWTH" PATH IS MOST LIKELY.

3. INDUSTRIAL PRODUCTION AND PRICES: NO IMPROVEMENTS HAVE
BEEN MADE IN METHODOLOGY AND NO CHANGES IN FORECAST VALUES.

4. BALANCE OF PAYMENTS: BREAK DOWN OF PAST VALUES OF
IMPORTS INTO QUANTITY AND PRICE COMPONENTS NOT CONSIDERED
PARTICULARLY RELIABLE, HENCE FORECAST OF FUTURE VOLUME AND
PRICES AND ULTIMATELY IMPORT VALUES MAY BE SUBJECT TO SUB-
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PAGE 02 TOKYO 12219 200600Z

STANTIAL ERRORS. PROJECTION OF EXPORT VALUES ALSO SUBJECT

TO ERRORS. THESE TWO ERRORS MAY WELL CANCEL EACH OTHER
SO THAT FORECASTS OF TRADE BALANCE, ESPECIALLY TREND, IS
CONSIDERED MORE RELIABLE. PROVISIONAL AUG TRADE FIGURES
(TOKYO 12034) CONFIRM FINATT'S BELIEF THAT FORECAST OF
TRADE BALANCE PROBABLY MORE RELIABLE THAN SEPARATE FORE-
CASTS OF EXPORT AND IMPORT VALUES. DESPITE ABOVE QUALI-
FICATION ON B/P FORECAST, FINATT HAS NO STRONG REASONS
TO ALTER FORECAST OF TRADE BALANCE AND OF CURRENT
ACCOUNT, ESPECIALLY FOR LAST HALF 1974.
SHOESMITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRODUCTION, TRADE, ECONOMIC DATA, PRICES, BALANCE OF PAYMENTS, ECONOMIC ESTIMATES
Control Number: n/a
Copy: SINGLE
Draft Date: 20 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO12219
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740264-0233
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740925/aaaaavha.tel
Line Count: 71
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. TOKYO 11386; B. TOKYO A-585
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 31 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 JUL 2002 by martinml>; APPROVED <11 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FINAL COMMENTS ON ECONOMIC FORECASTS FOR JAPAN 1974-75
TAGS: EFIN, JA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005